

HOUSING

MICHIGAN

ABOUT



Vision: The Housing Michigan Coalition consists of community, business and government organizations whose efforts support increasing housing supply and affordability.

Our Why: Enhancing the accessibility and affordability of homes strengthens communities, supports economic and job growth, and improves outcomes for all Michigan families.

Our Focus: On driving consensus policy changes and discussions that can lead to positive outcomes this year.

Executive Committee



michigan municipal league



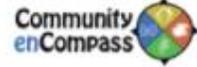
NORTHERN MICHIGAN CHAMBER
ALLIANCE
ALBANY • BENTON • CHARLETT • CHARLETTVILLE • GAYLORD
HUNTSVILLE • LANSING • LANSINGVILLE • MARQUETTE



DisabilityAdvocates



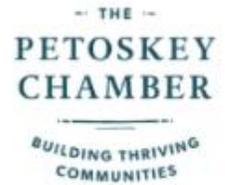
Supporting All Mortgage Professionals Since 1929!



MICHIGAN REALTORS®



County of Alger, MI



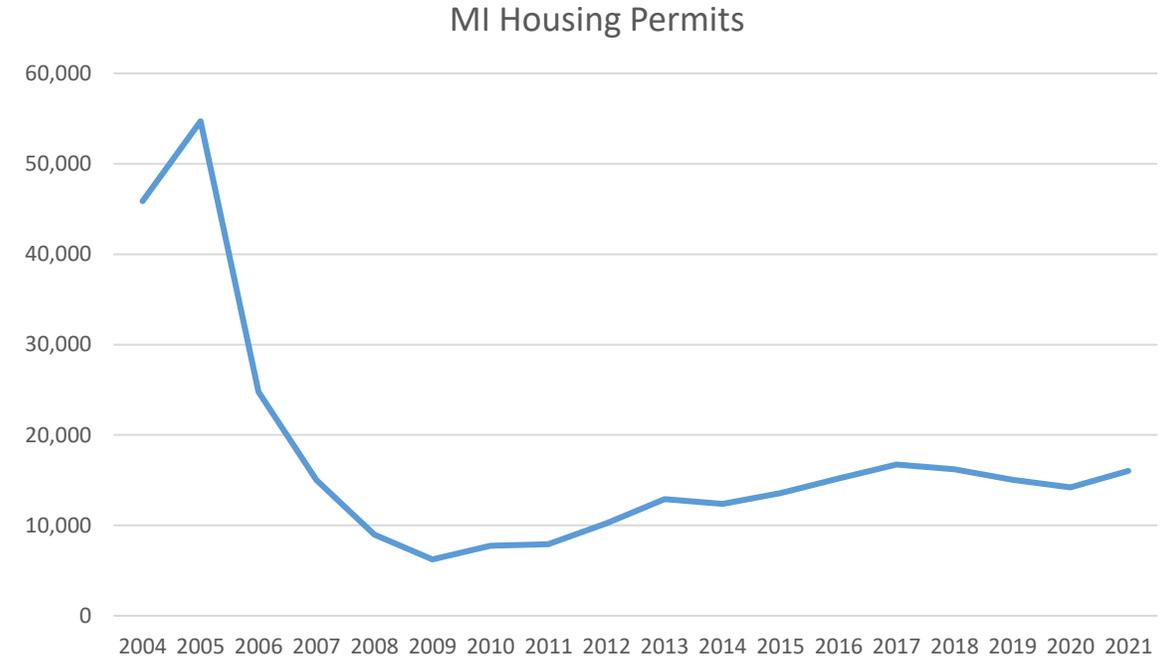
AGENDA



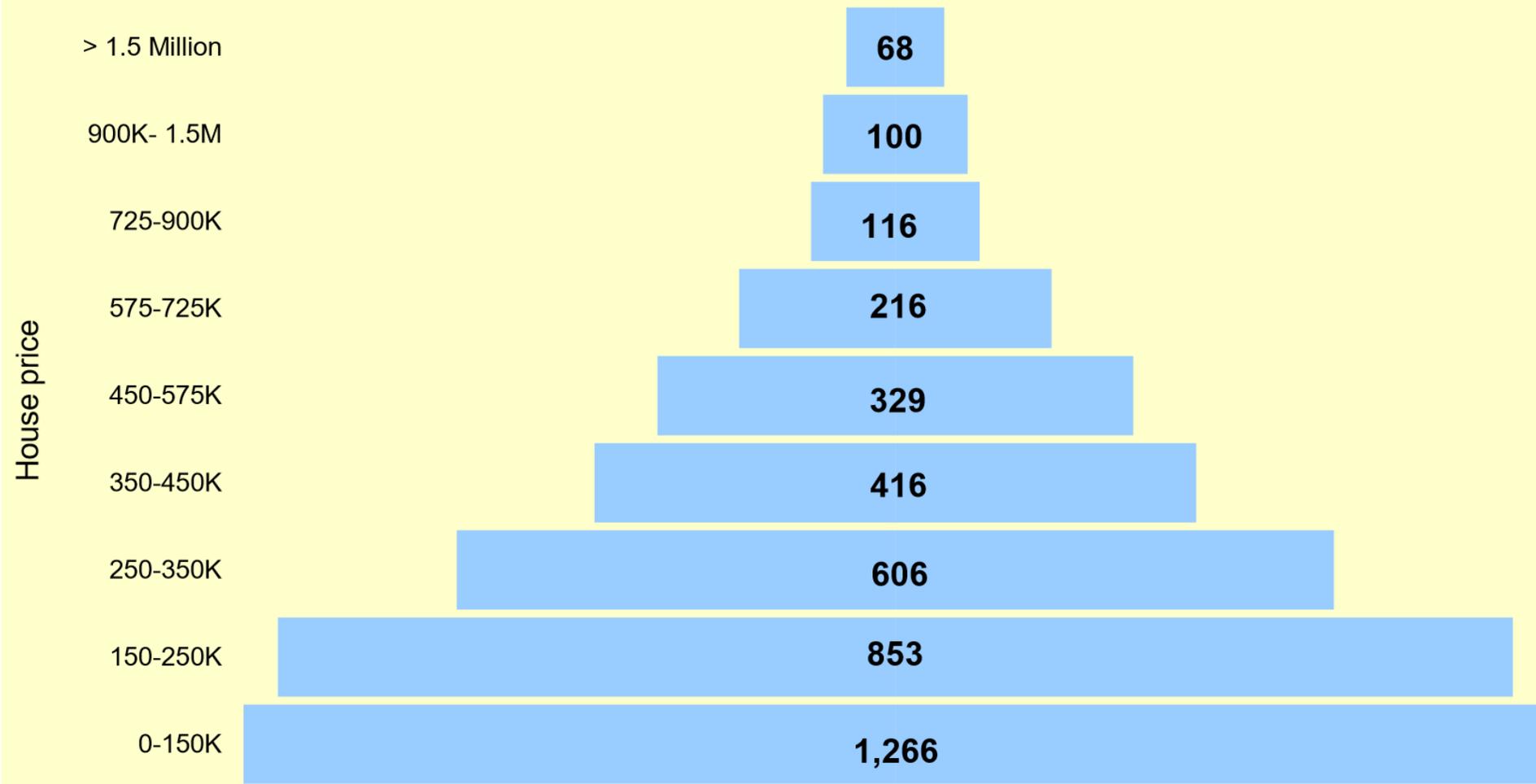
- 1) Update on the home building industry
- 2) The impact on Michigan households
- 3) Our efforts to address the issue
- 4) Final questions

Permit History & 2021 Prediction

2004	45,881	2013	12,915
2005	54,721	2014	12,381
2006	24,782	2015	13,581
2007	15,000	2016	15,176
2008	8,984	2017	16,743
2009	6,236	2018	16,211
2010	7,755	2019	15,052
2011	7,937	2020	14,959
2012	10,234	2021 16,017 - PREDICTION	
		as of Mar YtD 4100	



Michigan Households (in Thousands) by Highest Priced Home They Can Afford Based on Income: 2021

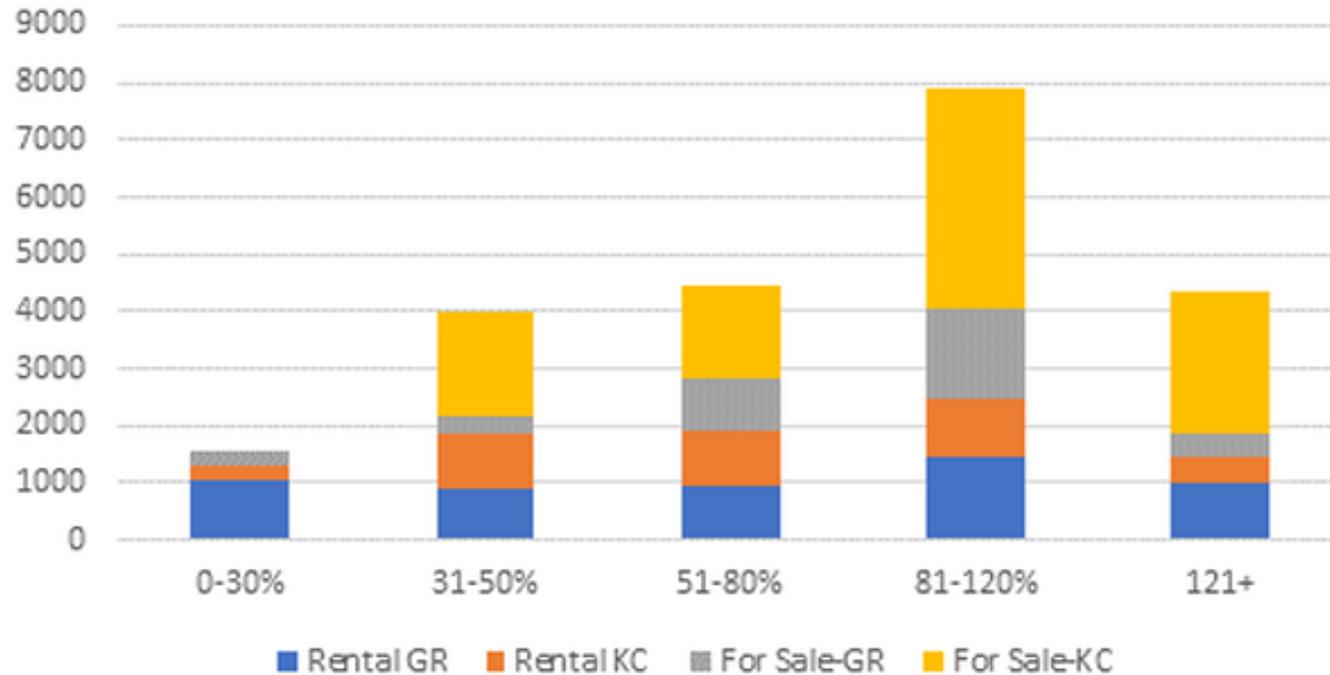


Source: Calculations by the National Association of Homebuilders Housing Policy Department, based on income data from the 2019 American Community Survey, U.S. Census Bureau

History & Current Needs



Kent County For Sale/Rental by 2025



**Grand Rapids & Kent County Housing Needs Assessment*

Homes for sale: As of 2015, the average home sales price in the GR metro area was \$141,549. At the end of 2020, the average sale price had climbed to \$237,837. **A roughly 68% increase in average sales price over 6 years.**

Homes for rent: As of 2015, the average home/apartment rented for \$930/mo. At the end of 2020, the average rent had climbed to \$1,296/mo. **A roughly 39% increase in average rent over 6 years**

Kent & Ottawa Counties have grown by 90,000 in the latest census and only built 7,800 units in the same time frame.

Units Needed - Kent County



Units Needed - Ottawa County



Income

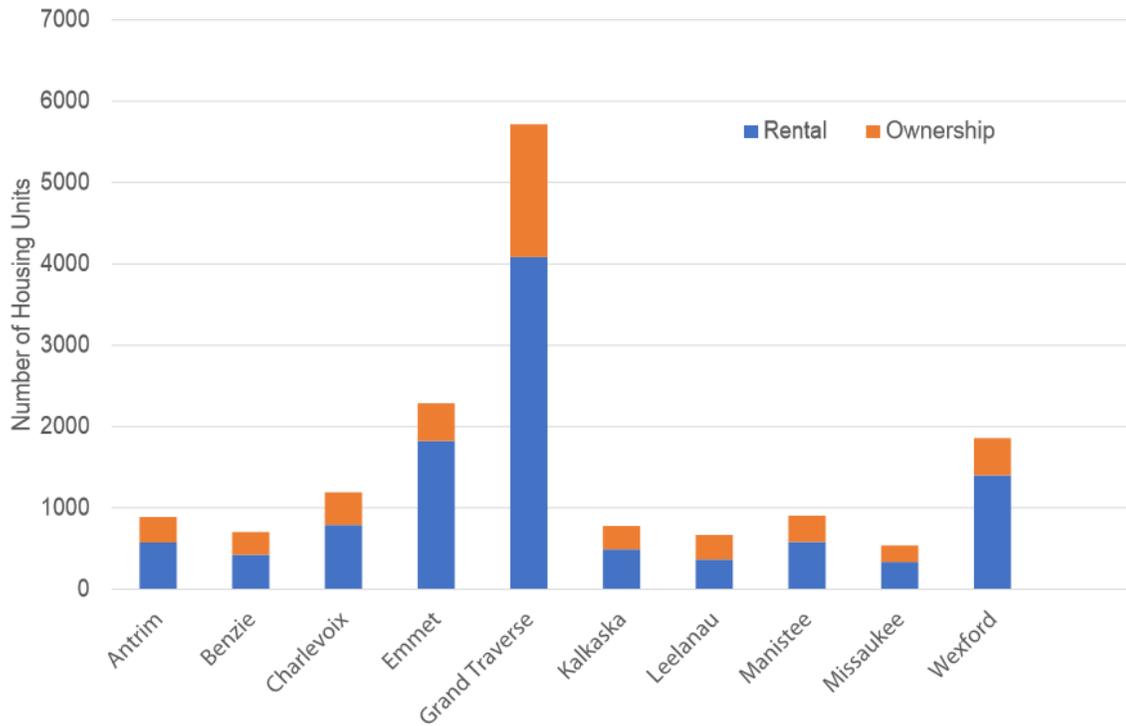
Rent

Price

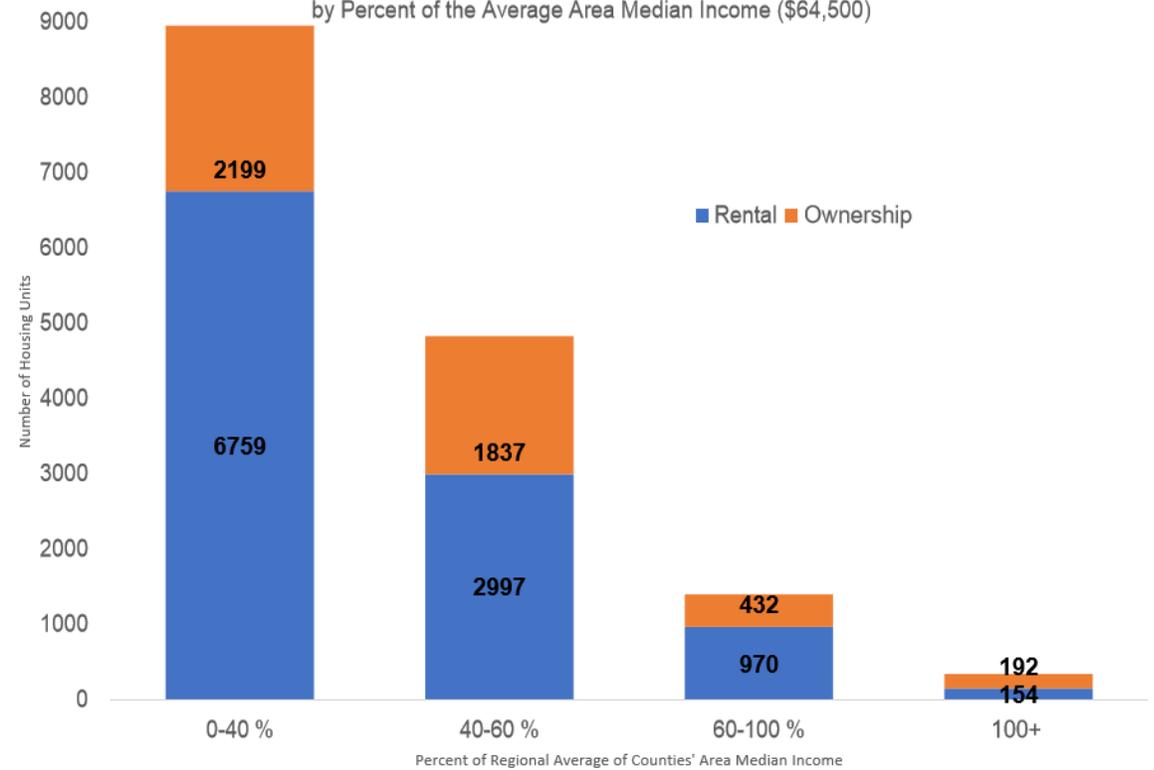
History & Current Needs



2020 Target Market Analysis for Northwest Michigan by County



Northwest Michigan Rental and Ownership Demand for Housing by Percent of the Average Area Median Income (\$64,500)



Barrier Number 1: Cost of Materials

Lumber: In the last year has increased the cost of a new home by at least \$16,000. OSB has gone from \$9.00 a sheet to \$50.00 a sheet. Weyerhaeuser may run out of the resin that is needed to make OSB.

Siding: Two of the largest suppliers in vinyl siding just discontinued their 15 most popular colors this month.

Real Life Example from Kalamazoo: In 2019 the lumber cost for a new build was \$67,000, today, the cost is \$127,000 for the same home.



Barrier Number 2: Workforce Shortage

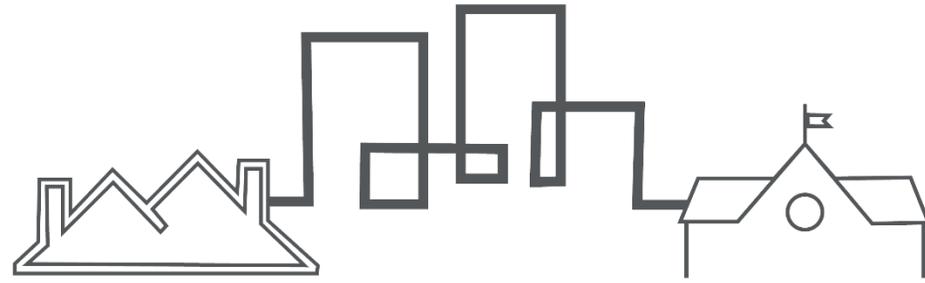
In 2019, there were 126,880 individuals employed in the following trades:

Architects	2300	Helpers – Installation, Maintenance & Repair	1,460
Carpenters	20,480	Insulation Workers, Floor, Ceiling and Wall	570
Carpet Installers	1,050	Painters, Construction and Maintenance	4,560
Cement Masons/Concrete Finishers	5,270	Plumbers, Pipefitters	12,180
Building Inspectors	2,980	Roofers	2,790
Construction Laborers	25,730	Excavators	1,350
Construction Managers	5,090		
Cost Estimators	6,910		
Drywall and Ceiling Tile Installers	1,250		
Electricians	22,380		
Glazers	1,520		
HVAC	9,010		

Housing: Good Paying Careers

Those individual trades have wage ranges from:
\$9.88 an hour in Excavating (at the 10th Percentile) to
\$78.25 an hour in Construction Manager (in the 90th Percentile)

The average median wage range is
\$13.51 (Helpers) to \$46.48 (Construction Manager)



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The Impact on Michigan Households

Common Principles



Building the toolbox

- **Local control** – the local units will be able to decide many of the terms including affordability requirement, length of the credit and where it can be applied.
- **Flexibility** – allowing for local decision making in affordability targets up to 120% of area median income (AMI) and the term length, allows these tools to be applied based on local conditions and need.
- **Workforce housing** – these tools will likely provide the most opportunities to support projects for residents who have difficulty obtaining market-rate housing but have more income than would qualify for “affordable housing.” Our goal is to increase the supply of housing where demand is the highest and a gap has been identified.

The Toolbox



Attainable Housing & Rehab Act

*Senate Bill 362 – Senator Winnie Brinks
House Bill 4647 – Representative Terry Sabo*

- Local government can negotiate on a 50% tax credit on real property tax
- Applicant must meet affordability goals set by local unit:
 - Up to 120% AMI
 - Minimum of 30% of units must be income restricted
- Minimum \$5000 investment
- 4 residential units or less per parcel (a district can include multiple parcels)
- Applicant must conduct income verification annually
- Rental only

Residential Facilities Exemption

*Senate Bill 322 – Senator Ken Horn
House Bill 4647 – Representative John Roth*

- Local government can negotiate on a 50% tax credit on real property tax
- Applicant must meet affordability goals set by local unit:
 - Up to 120% AMI
- Minimum \$50,000 investment
- Must include 5+ residential units per parcel
- Can include mixed-use development

PILOTS for Housing

Senate Bill 432 - Senator Wayne Schmidt

- Local government can negotiate a payment-in-lieu-of-taxes agreement for affordable housing
- Applicant must meet affordability goals set by local unit:
 - Up to 120% AMI
- Does not require the applicant to have state or federal funding/components

The Toolbox



Employer Housing Tax Credit

Senate Bills 360 & 361 – Senator Roger Victory

House Bill 4649 & 4650 – Representative Mark Huizenga

- Employers can receive an income tax credit equal to 50% of their qualified contributions for employees earning up to 120% AMI.
- Employers will verify with MSHDA that their intended use qualifies – includes direct investment in employee housing, rental assistance, down payment assistance, etc.
- Can claim the credit once the funds have been expended for the pre-qualified use.
- Can also contribute to a local Housing Impact Fund that supports affordable housing development.

Neighborhood Enterprise Zone Expansion

Senate Bill 364 – Senator Jeremy Moss

House Bill 4646 – Representative Kyra Bolden

- Expands the ability to use NEZs to all cities, townships and villages
- Local government sets a district where the tax rate is equal to ½ the prior year for 6-15 years
- Can include homes, condos and mixed-use
- Adds language to promote infill development and prevent the tool unintentionally incentivizing sprawl:
 - Must encourage compact development and contain 5+ units/acre
 - Must be adjacent to existing development, utilize existing infrastructure and have access to sewer and water service

Conclusion



There is no easy solution, but we are committed to improving outcomes.

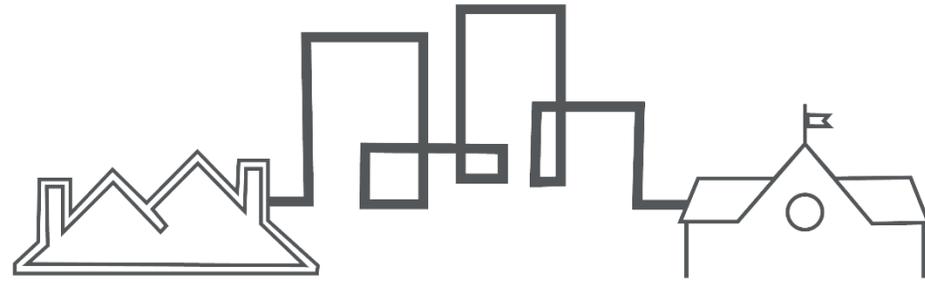
Housing is a foundational piece that so many other systems are influenced by.

If we can create conditions to support a healthier housing market and increase the supply of attainable housing in Michigan, we will have a positive impact on:

- Access to jobs
- Health outcomes
- Economic & community development
- Student outcomes
- Reducing poverty
- Quality of life
- And more!

Learn more & Join the Coalition at:

www.housingmichigan.weebly.com



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Questions?